

Message Text

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ORIGIN OPIC-12

INFO OCT-01 ARA-11 ADP-00 AID-20 CIAE-00 COME-00 EB-11

FRB-02 INR-09 NSAE-00 TRSE-00 XMB-07 CIEP-02 LAB-06

SIL-01 SAL-01 OMB-01 INRE-00 /084 R

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DRAFTED BY: ID/ LA- AFR BTHOMAS MANSBACH SK

APPROVED BY: E/ IFD/ OIA: MKENNEDY

ID/ VP/ OPIC: JOSEPH H PRICE SUBS

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ARA/ ECO: GROLSEN

ARA/ NC: MCFORRESTER

CLASSIFICATION APPROVED BY RUTHERFORD POATS

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O 132225 Z MAR 73

FM SECSTATE WASHDC

TO AMEMBASSY CARACAS IMMEDIATE

C O N F I D E N T I A L STATE 046203

FROM OPIC

SUBJECT: OPIC INVESTMENT INSURANCE- LUKENS STEEL CO. APPLICATION

REF: CARACAS 2141

1. OPIC REQUESTS EMBASSY TO SUBMIT TO GOV APPLICATION OF LUKENS STEEL FOR HOST GOVERNMENT APPROVAL, SUBJECT TO PARA. 2.

2. IN LIGHT OF NEED FOR CLARIFICATION OF OPIC PROGRAM WITH GOV DUE TO VENEZUELA'S PLANNED ACCESSION TO ANDEAN CODE (AS DISCUSSED DURING POATS VISIT), WE CONCERNED THAT EMBASSY TRANSMITTAL/ ENDORSEMENT OF LUKEK'S APPLICATION MAY BE USED BY GOV TO SUPPORT VIEW THAT CLARIFICATION OF ARRANGEMENTS WITH OPIC NOT NEEDED IF OPIC WILLING TO AUTHORIZE LUKEK'S FOREIGN GOVERNMENT APPROVAL IN ADVANCE OF SUCH CLARIFICATION.

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3. IN ORDER TO DEFUSE THIS ARGUMENT, WE SUGGEST THAT EMBASSY TRANSMITTAL/ ENDORSEMENT LETTER INCLUDE FOLLOWING LANGUAGE(OR SOME VARIATION THEREOF):

" WE UNDERSTAND THAT THERE IS SOME URGENCY ATTACHED TO THIS REQUEST FOR YOUR GOVERNMENT' S APPROVAL FOR THE PURPOSES OF THE INVESTMENT INCENTIVE PROGRAM / DEFINE AS USUAL/. IN ORDER TO RESPOND TO THIS URGENCY, THE EMBASSY IS ENDORSING THE APPLICATION. WE ARE ADVISING THE INVESTOR, HOWEVER, THAT NO INSURANCE CONTRACT WILL BE ISSUED UNTIL WE HAVE HAD AN OPPORTUNITY TO CLARIFY THE UNDERSTANDINGS BETWEEN

OUR TWO GOVERNMENTS REGARDING THE OPERATION OF THIS PROGRAM IN THE LIGHT OF VENEZUELA' S PROSPECTIVE ACCESSION TO THE ANDEAN FOREIGN INVESTMENT CODE."

4. ALTHOUGH UNLIKELY, WE BELIEVE THERE IS SLIGHT POSSIBILITY THAT THE ABOVE LANGUAGE MAY CAUSE GOV TO WITHHOLD APPROVAL, ADVERSELY AFFECTING

LUCKENS INVESTMENT. CONSEQUENTLY, OPIC REQUESTS EMBASSY OBTAIN AGREEMENT OF LUKENS TO SUGGESTED LANGUAGE, BY COUNTERSIGNING FILE COPY OF EMBASSY LETTER. PLEASE POUCH COUNTERSIGNED COPY TO OPIC.

5. EMBASSY MIGHT ALSO WISH TO ADVISE LUKENS THAT IT COULD MAKE ITS COMMITMENTS TO GOV SPECIFICALLY CONTINGENT UPON COMPANY' S BEING ABLE TO OBTAIN OPIC INSURANCE. FYI WE ALSO SEE NO REASON WHY LUKENS' BOARD, IN ITS MARCH 20 MEETING, COULD NOT APPROVE THE DEAL, SUBJECT TO OBTAINING OPIC INSURANCE. END FYI.

GDS
AUTOMATICALLY DECLASSIFIED MARCH 13, 1976. ROGERS

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*** Current Handling Restrictions *** n/a

*** Current Classification *** CONFIDENTIAL

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Subject: N/A
TAGS: EINV, VE, n/a
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